

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6112 Motor Vehicle Expense	Regulated	Motor Vehicle Expense Study	Directly Assigned to Regulated	Direct Assignment	Any expenses for Motor Vehicles directly assigned to regulated and not cleared to construction or plant-specific expense accounts.
	Nonregulated	Motor Vehicle Expense Study	Directly Assigned to Nonregulated	Direct Assignment	Any expenses for Motor Vehicles directly assigned to nonregulated and not cleared to construction or plant-specific expense accounts.
	Common - Motor Vehicle	Cost Pool Equals Residual of Account	Relative Investment in the Common Cost Pools in Account 2112 excluding Common Central Office and Common Distribution Services	Indirect Attribution	Motor Vehicle expenses not cleared to construction or plant specific expense accounts.
6113 Aircraft Expense	Not Applicable	None	None	None	This account is not used.
6114 Special Purpose Vehicles Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	Special Purpose Vehicles are used in connection with construction, repair, and maintenance of cable and wire facilities. The majority of dollars in this account are cleared prior to the allocation process.
6115 Garage Work Equipment Expense	Same as Account	Cost Pool Equals Account	Relative Value: Garage Work Equipment	Direct Attribution	
6116 Other Work Equipment Expense	Same as Account	Cost Pool Equals Account	Relative Value: Other Work Equipment	Direct Attribution	The majority of dollars in this account are cleared prior to the allocation process.

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6121 Land and Building Expense	Regulated	Land and Building Expense Study	Directly Assigned to Regulated	Direct Assignment	Any expenses for Land and Buildings directly assigned to regulated
	Nonregulated	Land and Building Expense Study	Directly Assigned to Nonregulated	Direct Assignment	Any expenses for Land and Buildings directly assigned to nonregulated.
	Common - Operating Rents	Cost Pool Equals Matrix	Directly Attributed to Regulated or Nonregulated based on an analysis of use of rented assets	Direct Attribution	
	Common - Other Expense	Land and Building Expense Study	Relative Value: Common Cost Pools for Investment in Land and Buildings	Indirect Attribution	Expenses other than operating rents related to Land and Buildings which are used in regulated and nonregulated operations.
6122 Furniture and Artworks Expense	Same as Account	Cost Pool Equals Account	Relative Value: Furniture	Indirect Attribution	
6123 Office Equipment Expense	Same as Account	Cost Pool Equals Account	Relative Value: Office Equipment	Direct Attribution	
6124 General Purpose Computers Expense	Same as Account	Cost Pool Equals Account	Relative Value: General Purpose Computers	Direct Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6211 Analog Electronic Switching Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	Analog Electronic Switching expense is currently incurred exclusively in the provision of regulated services. If future nonregulated services require Analog Electronic Switching services, a special study will be conducted in order to allocate the related expense.
6212 Digital Electronic Switching Expense	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual of Account	Cost Pool Equals Residual of Account	Relative Value: Digital Switching Equipment	Direct Attribution	
6215 Electro-Mechanical Switching Expense	Same As Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	Electro-Mechanical Switching expense is currently incurred exclusively in the provision of regulated services. If future nonregulated services require Electro-Mechanical Switching services, a special study will be conducted in order to allocate the related expense.
6220 Operator Systems Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	Operator Services expense is currently incurred exclusively in the provision of regulated services. If future nonregulated services require operator services, a special study will be conducted in order to allocate the related expense.
6231 Radio Systems Expense	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Common	Cost Pool Equals Residual of Account	Relative Value: Radio Systems Equipment	Direct Attribution	
6232 Circuit Equipment Expense	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Cost Pool Equals Residual of Account	Relative Value: Circuit Equipment	Direct Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6311 Station Apparatus Expense	Regulated	Cost Pool Equals Function Codes	Directly Assigned to Regulated	Direct Assignment	Cost associated with customer visits in which regulated activities are performed. This includes travel costs.
	Nonregulated	Cost Pool Equals Function Codes	Directly Assigned to Nonregulated	Direct Assignment	Cost associated with customer visits in which nonregulated activities are performed. This includes travel costs.
	No Access/No Trouble Found	Cost Pool Equals Function Codes	No Access/No Trouble	Indirect Attribution	Cost associated with "no access and no trouble found" visits. This includes travel costs.
	Common - Residual (Payroll)	Cost Pool Equals Residual (Payroll)	Relative Portion of all other Cost Pools within this Matrix.	Indirect Attribution	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of all other Cost Pools within this Account.	Indirect Attribution	
6341 Large Private Branch Exchange Expense	Regulated	Cost Pool Equals Function Codes	Directly Assigned to Regulated	Direct Assignment	Cost associated with customer visits in which regulated activities are performed. This includes travel costs.
	Nonregulated	Cost Pool Equals Function Codes	Directly Assigned to Nonregulated	Direct Assignment	Cost associated with customer visits in which nonregulated activities are performed. This includes travel costs.
	No Access/No Trouble Found	Cost Pool Equals Function Codes	No Access/No Trouble	Indirect Attribution	Cost associated with "no access and no trouble found" visits. This includes travel costs.
	Common - Residual (Payroll)	Cost Pool Equals Residual (Payroll)	Relative Portion of all other Cost Pools within this Matrix.	Indirect Attribution	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of all other Cost Pools within this Account.	Indirect Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6351 Public Telephone Terminal Equipment Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Nonregulated	Direct Assignment	
6362 Other Terminal Equipment Expense	Regulated	Cost Pool Equals Function Codes	Directly Assigned to Regulated	Direct Assignment	Cost associated with customer visits in which regulated activities are performed. This includes travel costs.
	Nonregulated	Cost Pool Equals Function Codes	Directly Assigned to Nonregulated	Direct Assignment	Cost associated with customer visits in which nonregulated activities are performed. This includes travel costs.
	No Access/No Trouble Found	Cost Pool Equals Function Codes	No Access/No Trouble	Indirect Attribution	Cost associated with "no access and no trouble found" visits. This includes travel costs.
	Common - Residual (Payroll)	Cost Pool Equals Residual (Payroll)	Relative Portion of all other Cost Pools within this Matrix.	Indirect Attribution	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of all other Cost Pools within this Account.	Indirect Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
---------	-----------	-----------------------------------	---	----------------------	----------

6411 Poles Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6421 Aerial Cable Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6422 Underground Cable Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6423 Buried Cable Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6424 Submarine Cable Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6425 Deep Sea Cable Expense	Not Applicable	None	None	None	This account is not used.
6426 Intrabuilding Network Cable Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6431 Aerial Wire Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	
6441 Conduit Systems Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
---------	-----------	--------------------------------	--	-------------------	----------

6511 Property Held for Future Telecommunications Use Expense	Not Applicable	None	None	None	This account is not used.
6512 Provisioning Expense	Regulated Nonregulated Common - Residual	Cost Pool Equals Cost Pool Indicator Cost Pool Equals Cost Pool Indicator Cost Pool Equals Residual of Account	Directly Assigned to Regulated Directly Assigned to Nonregulated Relative Value: Materials and Supplies	Direct Assignment Direct Assignment Indirect Attribution	The majority of dollars are cleared from this account prior to the allocation process.
6531 Power Expense	Same as Account	Cost Pool Equals Account	Relative Value: Common Central Office Equipment Investment	Indirect Attribution	
6532 Network Administration Expense	Regulated Nonregulated Common - Service Order Dispatch and Completion Common - Repair Bureau Common - Residual (Payroll) Common - Residual	Cost Pool Equals Function Codes Cost Pool Equals Function Codes Cost Pool Equals Function Codes Cost Pool Equals Function Codes Cost Pool Equals Residual (Payroll) Cost Pool Equals Residual of Account	Directly Assigned to Regulated Directly Assigned to Nonregulated Network Administration, Service Order Dispatch and Completion Activity Special Study Repair Ticket Special Study Relative Portion of all other Cost Pools within this Matrix. Relative Portion of all other Cost Pools within this account.	Direct Assignment Direct Assignment Direct Attribution Direct Attribution Indirect Attribution Indirect Attribution	See the description of the Network Administration Service Order Dispatch. See the description of the Repair Ticket Special Study in Section VI.C

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6533 Testing Expense	Regulated	Cost Pool Equals Function Codes	Directly Assigned to Regulated	Direct Assignment	See the description of the Repair Ticket Special Study in Section VI.C
	Common - Subscriber Line Testing	Cost Pool Equals Function Codes	Repair Ticket Special Study	Direct Attribution	
	Common - Residual (Payroll)	Cost Pool Equals Residual (Payroll)	Relative Portion of all other Cost Pools within this Matrix.	Indirect Attribution	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of all other Cost Pools within this account.	Indirect Attribution	
6534 Plant Operations Administration Expense	Same as Account	Cost Pool Equals Account	Relative Value: Materials and Supplies	Indirect Attribution	The majority of dollars are cleared from this account prior to the allocation process.
6535 Engineering Expense	Same as Account	Cost Pool Equals Account	Relative Value: Materials and Supplies	Indirect Attribution	The majority of dollars are cleared from this account prior to the allocation process.
6540 Access Expense	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6561 Depreciation Expense - Telecommunications Plant in Service	Same as Account	Cost Pool Equals Account	Relative Value: Associated Primary Plant Accounts	Direct Attribution	
6562 Depreciation Expense - Property Held for Future Telecommunications Use	Not Applicable	None	None	None	This account is not used.
6563 Amortization Expense - Tangible	Same as Account	Cost Pool Equals Account	Relative Value: Associated Primary Plant Accounts - Plant Matrix	Direct Attribution	
6564 Amortization Expense - Intangible	Not Applicable	None	None	None	This account is not used.
6565 Amortization Expense - Other	Same as Account	Cost Pool Equals Account	Relative Value: Associated Primary Plant Accounts	Indirect Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6611 Product Management	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	See the description of the Marketing General Allocator in Section VI.C
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Cost Pool Equals Residual of Account	Marketing Allocator	General Allocation	
6612 Sales	Regulated	Cost Pool Equals Subaccount Mapping	Directly Assigned to Regulated	Direct Assignment	See the description of the Marketing General Allocator in Section VI.C
	Nonregulated	Cost Pool Equals Subaccount Mapping	Directly Assigned to Nonregulated	Direct Assignment	
	Inside Wire	Cost Pool Equals Subaccount Mapping	Directly Assigned to Nonregulated	Direct Assignment	
	Voice Messaging	Cost Pool Equals Subaccount Mapping	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Cost Pool Equals Residual of Account	Marketing Allocator	General Allocation	
6613 Product Advertising	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	See the description of the Marketing General Allocator in Section VI.C
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Cost Pool Equals Residual of Account	Marketing Allocator	General Allocation	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6621 Call Completion Services	Same as Account	Cost Pool Equals Account	Directly Assigned to Regulated	Direct Assignment	Operator Services expense is currently incurred exclusively in the provision of regulated services. In the event that this investment is used for nonregulated activities, special studies will be undertaken to determine the correct allocation.
6622 Number Services	Operator Services	Cost Pool Equals Subaccount Mapping	Directly Assigned to Regulated	Direct Assignment	Operator Services expense is currently incurred exclusively in the provision of regulated services. In the event that this investment is used for nonregulated activities, special studies will be undertaken to determine the correct allocation.
	Directory Services	Cost Pool Equals Subaccount Mapping	Relative Value: Directory Revenue	Direct Attribution	
6623 Customer Services	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common-Service Order Related	Cost Pool Equals Subaccount Mapping	Network Administration, Service Order Dispatch and Completion Activity Special Study	Direct Attribution	
	Common-Billing, Collection and Revenue Accounting Related	Cost Pool Equals Subaccount Mapping	Relative Value : Revenue	Direct Attribution	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of all other Cost Pools within this account.	Indirect Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6711 Executive	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	General Allocator	General Allocation	
6712 Planning	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of Cost Pools within this account	Indirect Attribution	
6721 Accounting and Finance	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	General Allocator	General Allocation	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6722 External Relations	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	General Allocator	General Allocation	
6723 Human Resources	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Value: Total Operating Salaries and Wages Expense	Indirect Attribution	
6724 Information Management	Same as Account	Cost Pool Equals Account	Relative Value: General Purpose Computers	Indirect Attribution	
6725 Legal	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	Relative Portion of Cost Pools within this account	Indirect Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
6726 Procurement Expense	Regulated	Procurement Study	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Procurement Study	Directly Assigned to Nonregulated	Direct Assignment	
6727 Research and Development	Not Applicable	None	None	None	This account is not used.
6728 Other General and Administrative	Regulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Cost Pool Equals Cost Pool Indicator	Directly Assigned to Nonregulated	Direct Assignment	
	Common - Residual	Cost Pool Equals Residual of Account	General Allocator	General Allocation	
6790 Provision for Uncollectible Notes Receivable	Not Applicable	None	None	None	This account is not used.

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
7110 Income from Custom Work	Not Applicable	None	None	None	This account is not used.
7130 Return from Nonregulated Use of Regulated Facilities	Not Applicable	None	None	None	This account is not used.
7140 Gains and Losses from Foreign Exchange	Not Applicable	None	None	None	This account is not used.
7150 Gains and Losses from Disposition of Land and Artworks	Regulated Nonregulated Common	Individual Transaction Analysis Individual Transaction Analysis Individual Transaction Analysis	Directly Assigned to Regulated Directly Assigned to Nonregulated Relative Value: Common Cost Pools for Investment in Land and Buildings	Direct Assignment Direct Assignment Indirect Attribution	 Per CC Docket No. 86-497, released Dec. 24, 1987, the amount of the gain or loss allocated between regulated and nonregulated is determined by the relative amount of time the asset was included in the rate base over the period of time the asset was in service.
7160 Other Operating Gains and Losses	Regulated Nonregulated	Individual Transaction Analysis Individual Transaction Analysis	Directly Assigned to Regulated Directly Assigned to Nonregulated	Direct Assignment Direct Assignment	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
7210 Operating Investment Tax Credits - Net	Regulated	Individual Transaction Analysis	Directly Assigned to Regulated	Direct Assignment	
	Nonregulated	Individual Transaction Analysis	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Individual Transaction Analysis	Relative Value: Telephone Plant In Service	Indirect Attribution	
7220 Operating Federal Income Taxes	Same as Account	Cost Pool Equals Account	Income Tax Allocator	Direct Attribution	See the discussion of Book Taxable Income in Section VI.C
7230 Operating State and Local Income Taxes	Same as Account	Cost Pool Equals Account	Income Tax Allocator	Direct Attribution	See the discussion of Book Taxable Income in Section VI.C
7240 Operating Other Taxes	Gross Receipts Taxes	Cost Pool Equals Subaccount Mapping	Relative Value: Revenue	Indirect Attribution	
	Other Taxes	Cost Pool Equals Subaccount Mapping	Relative Value: Telephone Plant In Service	Indirect Attribution	
7250 Provision for Deferred Operating Income Taxes - Net	Same as Account	Noncurrent Deferred Income Tax Special Study	Relative Value: Associated Primary Plant Accounts	Direct Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
7310 Dividend Income	Not Applicable	None	None	None	This account is not used
7320 Interest Income	Same as Account	Cost Pool Equals Account	Relative Value: Telephone Plant In Service	Indirect Attribution	
7330 Income from Sinking and Other Funds	Not Applicable	None	None	None	This account is not used.
7340 Allowance for Funds Used During Construction	Same as Account	Cost Pool Equals Account	Relative Value: Telephone Plant Under Construction	Indirect Attribution	
7350 Gains or Losses from Disposition of Certain Property	Regulated Nonregulated Common-Regulated Common-Nonregulated	Individual Transaction Analysis Individual Transaction Analysis Individual Transaction Analysis Individual Transaction Analysis	Directly Assigned to Regulated Directly Assigned to Nonregulated Relative Portion of Related Type of Investment Relative Portion of Related Type of Investment	Direct Assignment Direct Assignment Indirect Attribution Indirect Attribution	Per CC Docket No. 86-497, released Dec. 24, 1987, the amount of the gain or loss allocated between regulated and nonregulated is determined by the relative amount of time the asset was included in the rate base over the period of time the asset was in service.
7360 Other Nonoperating Income	Regulated Nonregulated	Cost Pool Equals Subaccount Mapping Cost Pool Equals Subaccount Mapping	Directly Assigned to Regulated Directly Assigned to Nonregulated	Direct Assignment Direct Assignment	
7370 Special Charges	Abandoned Projects Other	Individual Transaction Analysis Individual Transaction Analysis	Analysis of Underlying Transaction General Allocator	Direct Assignment General Allocation	Projects will be reviewed to determine the intended use before abandonment

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
---------	-----------	-----------------------------------	---	----------------------	----------

7510 Interest on Funded Debt	Not Applicable	None	None	None	This account is not used.
7520 Interest Expense - Capital Leases	Same as Account	Cost Pool Equals Account	Relative Value: Associated Primary Plant Accounts (Capitalized Leases)	Indirect Attribution	
7530 Amortization of Debt Issuance Expense	Not Applicable	None	None	None	This account is not used.
7540 Other Interest Deductions	Same as Account	Cost Pool Equals Account	Relative Value : Telephone Plant In Service (excluding Account 2681)	Indirect Attribution	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
---------	-----------	-----------------------------------	---	----------------------	----------

7610 Extraordinary Income Credits	Regulated	Individual Transaction Analysis	Directly Assigned to Regulated	Direct Assignment	This account is credited with nontypical, noncustomary, and infrequently recurring items. Due to the nature of this account, each transaction will be separately analyzed and assigned to either regulated, nonregulated, or common and attributed in the most appropriate manner depending on the transaction.
	Nonregulated	Individual Transaction Analysis	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Individual Transaction Analysis	As Appropriate (See Comment)	As Appropriate	
7620 Extraordinary Income Charges	Regulated	Individual Transaction Analysis	Directly Assigned to Regulated	Direct Assignment	This account is debited with nontypical, noncustomary, and infrequently recurring items. Due to the nature of this account, each transaction will be separately analyzed and assigned to either regulated, nonregulated, or common and attributed in the most appropriate manner depending on the transaction.
	Nonregulated	Individual Transaction Analysis	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Individual Transaction Analysis	As Appropriate (See Comment)	As Appropriate	
7630 Current Income Tax Effect Effect of Extraordinary Items - Net	Regulated	Individual Transaction Analysis	Directly Assigned to Regulated	Direct Assignment	Charges and credits to this account will be individually analyzed and assigned to the same regulated, nonregulated, or common cost pool as the related Extraordinary Credit or Extraordinary Debit in Accounts 7610 and 7620, respectively.
	Nonregulated	Individual Transaction Analysis	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Individual Transaction Analysis	As Appropriate (See Comment)	As Appropriate	
7640 Provision for Deferred Income Tax Effect of Extraordinary Items - Net	Regulated	Individual Transaction Analysis	Directly Assigned to Regulated	Direct Assignment	Charges and credits to this account will be individually analyzed and assigned to the same regulated, nonregulated, or common cost pool as the related Extraordinary Credit or Extraordinary Debit in Accounts 7610 and 7620, respectively.
	Nonregulated	Individual Transaction Analysis	Directly Assigned to Nonregulated	Direct Assignment	
	Common	Individual Transaction Analysis	As Appropriate (See Comment)	As Appropriate	

ACCOUNT	COST POOL	COST POOL IDENTIFICATION BASIS	REGULATED/NONREGULATED APPORTIONMENT BASIS	ALLOCATION METHOD	COMMENTS
---------	-----------	-----------------------------------	---	----------------------	----------

7990 Nonregulated Net Income	Same as Account	Cost Pool Equals Account	Directly Assigned to Nonregulated	Direct Assignment	
---------------------------------	-----------------	--------------------------	-----------------------------------	-------------------	--

VII. TIME REPORTING PROCEDURES

A. Overview

All employees of Citizens Telecom report their time on a positive time reporting basis. This section describes time reporting by employee group as well as training, documentation, and enforcement. Employees charge time to specific "function codes". Nonproductive time is temporarily held in a clearing payroll account. Productive time is assigned to accounts by responsibility codes, nonproductive time is allocated in the same proportion.

Positive time reporting is combined with the use of a study for employees who:

- Are involved in tasks or functions for which the reporting intervals are so short and frequent that it is impractical to report each activity to either regulated or nonregulated
- Have normal time distributions that are consistently reported to the same accounting classifications
- Have activities that are predominantly classifiable to expense accounts

B. Description of Time Reporting Procedures by Employee Group

1) Operations and Engineering Personnel

Positive time reporting is used by personnel directly engaged in installation, maintenance, repair, rearrangement, and removal of central office equipment, information origination/termination equipment, and cable and wire facilities, generally referred to as "operations personnel," and by engineering personnel who are directly engaged in planning, coordinating, or overseeing construction projects. Operations and engineering personnel report hours worked to function codes, which are specific to the type of plant and the type of work being performed. Both productive and nonproductive time are reported to specific function codes. Nonproductive time includes time spent on breaks, attending meetings, training, union activities, holidays, and excused time.

Supervision and support personnel for operations and engineering personnel report their time to function codes that relate to the type of work they do. Their wages and salaries expenses are, however, included in the final charges to the same Part 32 accounts as the operations and engineering personnel that they support or supervise. At the end of each month, the accounting system accumulates all of the hours reported by the operations and engineering personnel, plus their support and supervision. A cost per productive hour is developed by dividing the total hours charged by the total productive hours charged. The cost per

productive hour is then used to distribute the wages and salaries expense for supervision and support.

Nonproductive time associated with operations and engineering, as well as a portion of the expense of supervision and support of operations and engineering, is charged to Account 6534 Plant Operations Administration, or to Account 6535 Engineering expense. For each of these accounts, the cost pool equals the account and is apportioned between regulated and nonregulated operations using the methods described in the Cost Apportionment Table.

2) Plant Operations Support

Personnel engaged in Service Order Dispatch and Completion activities, Repair Bureau activities, Facility Assignment, and Posting and Maintaining Cable Records positive time report to function codes specified for these activities. The time and expense associated with these activities are charged to Account 6532 Network Administration Expense. For purposes of attribution between regulated and nonregulated operations, special studies are conducted for Service Order Dispatch and Completion and for Repair Bureau activities. Facility Assignment and Posting and Maintaining Cable Records are directly assigned to regulated operations, since these functions support the construction, maintenance, and repair of cable and wire facilities. The nonproductive time incurred by these employees is assigned to regulated and nonregulated operations in the same manner as their productive time.

Employees engaged in Subscriber Line Testing and Interoffice Testing report their time and expenses to two different function codes. Subscriber Line Testing is apportioned between regulated and nonregulated operations on the basis of a special study. Interoffice testing time and expenses are directly assigned to regulated operations. The nonproductive time incurred by these employees is assigned to regulated and nonregulated operations in the same manner as their productive time. The remainder of the account is apportioned in the manner described in the Cost Apportionment Table.

Time and expenses of employees engaged in warehousing of equipment held for sale or lease is recorded to a specific function code that maps to Account 6512 Provisioning Expense, and directly assigned to nonregulated operations. The nonproductive time incurred by these employees is assigned to regulated and nonregulated operations in the same manner as their productive time. Other costs remaining in this account after the journal entry for transfer to the plant-specific accounts are apportioned between regulated and nonregulated operations in the manner described in the Cost Apportionment Table.

3) General Support Facilities Construction and Maintenance

Employees engaged in construction, repair, and maintenance of General Support Facilities positive time report to specific function codes. The accounts to which these function codes map are, in most cases, apportioned among cost pools that are functionally related, and then attributed between regulated and nonregulated operations in the same proportion as related accounts. The nonproductive time incurred by these employees is assigned to regulated and nonregulated operations in the same manner as their productive time.

4) Customer Operations

Operator Services employees report their time on a positive time reporting basis. Their time and expenses are charged to Account 6621 Call Completion Services and Account 6622 Number Services. Amounts in both of these accounts are directly assigned to regulated services. The nonproductive time incurred by these employees is assigned to regulated and nonregulated operations in the same manner as their productive time.

Positive time reporting is also used by Sales and Marketing employees who charge time and expenses to the following accounts: Account 6611 Product Management, Account 6612 Sales and Account 6613 Product Advertising. Some of the function codes used by Sales and Marketing employees are directly assigned to nonregulated or regulated operations. Others, however, are common to both nonregulated and regulated operations and are apportioned to the operations in the manner described in the Cost Apportionment Table. Nonproductive time for Sales and Marketing employees is reported to a separate function code and is included in the Common cost pools for these accounts.

Business Office employees positive time report to function codes, of which a few are directly assignable to regulated or nonregulated operations. However, Service Orders are reviewed in a special study to determine the appropriate attribution to regulated and nonregulated operations. These function codes map to Account 6623 Customer Services. Nonproductive time is included in the Common cost pool for this account.

5) Corporate Operations

Employees who charge time and expenses to Account 6711, Executive, Account 6712 Planning, Account 6721 Accounting and Finance, Account 6722 External Relations, Account 6723 Human Resources, Account 6724 Information Management, Account 6725 Legal and Account 6726 Procurement, positive time report to function codes specific to the types of work that they usually perform. These employees and their supervisors have

received instruction that if they perform work outside of the usual type of assignments, the appropriate function code for the unusual work is to be charged. Some of the function codes mapping to these accounts are directly assigned to regulated or nonregulated operations. The remainder are included in the Common cost pools and attributed to regulated and nonregulated operations in the manner described in the Cost Apportionment Table. The nonproductive time incurred by these employees is assigned to regulated and nonregulated operations in the same manner as their productive time.

6) Time Increments

Citizens uses the following time increments for its positive time reporting system:

3- 6 minutes = .1hr	31-36 minutes = .6hr
7-12 minutes = .2hr	37-42 minutes = .7hr
13-18 minutes = .3hr	43-48 minutes = .8hr
19-24 minutes = .4hr	49-54 minutes = .9hr
25-30 minutes = .5hr	55-60 minutes =1.0hr

C. Specific Internal Controls

Currently, the Manager of the Payroll Department is responsible for the training of employees in each department who are responsible for recording time for all of the employees in their departments, as well as the supervisors in those groups who review and approve the time reports. All Citizens telephone operations employees are expected to review the nonregulated time reporting requirements annually. After receiving this training, each employee will be responsible for his or her time reported, with review and approval by his or her supervisor or, in the case of management, by the person charged with that responsibility.

Reconciliation's are prepared and reviewed monthly between paid productive and distributed hours and all exceptions are resolved on a timely basis. Supervisory approvals are obtained for all Positive time reports.

D. Additional Internal Controls

For each method described in Section VII-B of this Manual, current documented procedures are maintained. Additional controls are applicable to each method and include, but are not limited to, the following:

1. Time reporting processes and procedures are subject to internal and/or external audits.
2. Appropriate systems edit checks are provided within the payroll and financial systems to support time reporting processes.